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INFO RUEHBJ/AMEMBASSY BEIJING 6992  
RUEHHK/AMCONSUL HONG KONG 8241

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SUBJECT: MEDIA REACTION: U.S.-TAIWAN RELATIONS

Summary: Taiwan's major Chinese-language dailies focused news coverage July 3 on the island-wide Joint College Entrance Examination held over the weekend, on the 2008 presidential election, and on the KMT's ill-gotten party assets. Almost all papers also carried news stories on their inside pages regarding the American Institute in Taiwan celebrating the U.S. Independence Day in Taipei on Monday. In terms of editorials and commentaries, an editorial in the pro-independence, English-language "Taiwan News" commented on U.S.-Taiwan relations, particularly in the wake of the State Department's open opposition to Taiwan's proposed referendum on the island's UN bid under the name "Taiwan." The article concluded by saying "it would be better for leaders in both Washington and Taipei to enhance direct dialogue both to build understanding and avoid 'unpredictable' outcomes and to ensure democratic Taiwan receives proper respect and fair treatment from the U.S." End summary.

"Dialogue Key in U.S.-Taiwan Ties"

The pro-independence, English-language "Taiwan News" [circulation: 20,000] editorialized (7/3):

"Taiwan's ties with the United States have entered a critical stage as upcoming presidential elections gear up, and both sides need to intensify efforts to bridge differences and work out mutually acceptable solutions through direct dialogue. ... It is evident that Bush feels trapped by the political morass he created through his ill-advised, hapless and fully counter-productive invasion of Iraq and the inept pressure campaign against nuclear-armed North Korea. Based on his questionable assumption that Beijing is able and willing to help extract the U.S. from these political quicksands, the frazzled lame-duck Republican president now interprets any autonomous moves by Taiwan's DPP administration to deepen our democracy as 'rocking the boat' and 'making trouble' for Washington.

"It is evident that the Bush administration has used public, semi-public and private channels to warn the Chen administration and perhaps even KMT presidential candidate Ma Ying-jeou not to cross 'the red line,' perhaps under the pain of a threat for Bush to publicly express that the U.S. 'opposes Taiwan independence' instead of its existing formulation of affirming that 'the U.S. does not support Taiwan independence.' Such a threat would have weight only against the DPP, since the KMT 'opposes Taiwan independence' and could use the Republican administration's official statement to support its advocacy of eventual unification with China, which of course also intensely 'opposes' any form of 'Taiwan independence' and would be immensely pleased with such an open declaration by Bush.

"The next most serious possible move by Bush would be an open condemnation of President Chen for allegedly violating the latter's 'four noes' pledge and reiterating demands on Chen to 'display leadership' by 'rejecting' the bottom-up referendum drive and thus

following Bush's own habitual trampling on domestic human and democratic rights. Since Chen has already declared that he cannot take such action and the DPP has reaffirmed its intention to continue with the U.N. referendum campaign regardless of what either president says, a remaining scenario would be for Washington to downgrade transit treatment for Taiwan's national leaders. ...

"Another observation point will be how Washington handles the transit request for President Chen himself, who is slated to visit Central America in late August. Alternatively, the Bush administration could recall American Institute in Taiwan Taipei Director Steven Young [sic], cancel the diplomatic privileges of Taiwan government officials while traveling in the U.S., suspend the sales of defensive weapons to Taiwan (even though the KMT-controlled Legislature has finally given initial approval) and intensify cooperation with the PRC to further marginalize Taiwan.

"Certainly, the DPP government needs to consider such possibilities and figure out effective solutions to deal with them, but we should also realize that there is a floor as well as a ceiling in the house of U.S. diplomacy. Naturally, the Bush administration should also consider how attempting to suppress direct diplomacy in Taiwan while appeasing the PRC's authoritarian Chinese Communist Party regime and openly stacking the deck against the DPP and in favor of the KMT in the coming polls will play at home at a time when the continuation of the Republican administration is threatened by a resurgent Democratic Party which now has control over both branches of Congress.

"Decisions by a right-wing Republican administration to show open disrespect for Taiwan's democratic achievements or even betray the values of American democracy by sacrificing one of Asia's genuine democratic miracles to appease the PRC could well backfire in the face of a Democratic Party-controlled Congress, many of whose senior leaders, including U.S. House Speaker Nancy Pelosi, are known to be

friendly to 'democratic Taiwan.' We believe it would be better for leaders in both Washington and Taipei to enhance direct dialogue both to build understanding and avoid 'unpredictable' outcomes and to ensure democratic Taiwan receives proper respect and fair treatment from the U.S."

YOUNG